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-- Some of concerns that Am Int Com grapples with each day.

-- As world grows more complex, so does our intelligence challenge.

-- No longer are we concerned solely with assessing political and military development.

-- Now we are engaged in intelligence analysis infinitely more complex than what was required a generation, or even a decade, ago.

-- We need to assess what the projected worldwide oil output is likely to be five years from now, what the likely Soviet grain requirement is going to be this year, and the likely outcome of a key election being held next month.

-- We need to know the state of science and technology which our adversaries may be able to use to achieve strategic surprise and which our allies and competitors may be able to use to take markets and jobs away from us.

-- The Soviets continue to design, develop and test a dazzling array of new weapons--two new mobile missiles to be deployed over the next year or so, four new attack submarines, four new tanks, titanium, satellite, laser, genetic technology moving sharply ahead and being applied to new and more sophisticated offensive and defensive weapons. In the other industrial countries we see fiber optic, ceramic, super-computer, memory technologies, capable of revolutionizing whole industries coming along very rapidly.

-- We need to understand the structure and operating methods of organizations around the world which practice terrorism, steal blueprints and other carriers of technology, which smuggle narcotics and arms and which proliferate nuclear, chemical and biological capabilities.

What, then, are some of the major international trends which could change and shape the environment in which we live?

The Soviet Union still dominates any broad discussion of international affairs, and with good reason. For all its weaknesses -- notably its sluggish economy -- the Soviet Union alone possesses the armed might that has the potential for destroying the United States. But perhaps more worrisome is the continuing Soviet effort to expand the power, influence, and control of Communism around the world.

The Soviet Union may be, perhaps, the last genuine empire. Those who rule it, whether Brezhnev, Andropov, Chernenko, or Mihail Gorbachev, have been -- and are today -- unrelenting in their quest to expand Soviet power and domination. In a mere decade, the Soviets have projected their power to all the continents of the world. This is unprecedented in world history.

In 1961, Khrushchev, then leader of the Soviet Union, said that Communism would win not through nuclear war which could destroy the world or conventional war which could quickly lead to nuclear war, but through "wars of national liberation" in Africa, Asia, and Latin America. We were reluctant to believe him then, just as in the 1930s we were reluctant to take Hitler seriously when he spelled out in "Mein Kampf" how he would take over Europe.

Yet during the mid-to-late 1970s, the Soviets unfurled a new strategy to expand their power and influence in the less-developed world. And this strategy has worked. In ten years, Soviet power has been established:

-- In Vietnam, along China's southern border and astride the sea lanes which bring Persian Gulf oil to Japan.

-- In Afghanistan, 500 miles closer to the warm-water ports of the Indian Ocean and to the Straits of Hormuz, through which comes the oil essential to Western Europe.

-- In the Horn of Africa, dominating the southern approaches to the Red Sea and the southern tip of the Arabian Peninsula.

-- In southern Africa, the source of minerals which we and the other industrial nations must have.

-- And in the Caribbean and Central America, on the very doorstep of the United States.

Now this astonishing expansion has been accomplished by using proxies and surrogates in peace and in war. The role of these Soviet surrogates is as much political as military. Cubans and East Germans in Africa, Cubans in Latin America, Vietnamese in Asia, all have helped accomplish this expansion of Soviet power and influence. Even as I speak, some 300,000 Soviet, Vietnamese, and Cuban troops are carrying out savage military operations directed at suppressing national resistance in Afghanistan, Kampuchea, Angola, Ethiopia, and several other countries.

This creeping imperialism has, in my view, two primary targets -- the oil fields of the Middle East which are the life line of the Western Alliance and the Isthmus between North and South America. Afghanistan, South Yemen, Ethiopia, as well as Cam Ranh Bay in Vietnam, and Mozambique and Angola in southern Africa, bring Soviet power much closer to the sources of oil and minerals on which the industrial nations depend and puts Soviet naval and air power astride the sea lanes which carry those resources to America, Europe and Japan.

Capabilities to threaten the Panama Canal in the short term and Mexico in a somewhat longer term are being developed in Nicaragua where the Sandinista revolution is the first successful Castoite seizure of power in the American mainland. They have worked quietly and steadily toward their objectives of building the power of the state security apparatus, building the strongest armed forces in Central America, and becoming a center for exporting subversion to Nicaragua's neighbors.

As most of you are fully aware, the world has fused into one global economic system. Our economy is much more sensitive to international market and financial trends. About 25 percent of goods produced in the world are traded across national borders. Governments have become economic powers in their own right. Americans must compete in the world marketplace or our economy, and eventually our national security, will wither away.

If history has taught us anything, it is that only strength and willpower can deter aggression. This means that we cannot slacken in our commitments to a strong national defense despite its burdens. Nor should we hesitate to use our economic and political strength, whenever feasible. The alternative is slow but sure economic strangulation, political isolation, and ultimately defeat.

Those of you in private industry have a key responsibility in ensuring that our national defense remains strong to meet the challenge of creeping Soviet imperialism. Technological innovation, entrepreneurial drive, and willingness to meet the competition head-on have traditionally been the hallmark of the American business spirit and a fundamental basis of American strength. And if we live up to this tradition, we need not worry about our ability to stand up to our adversaries.

But we have to realize that the Soviets have been quick to take advantage even of our technology. In fact, the very weapons which confront us -- and the ability to sustain the enormous Soviet war machine -- come, in part, from the massive Soviet effort to bleed vital technology from American industry. One of CIA's most critical and most difficult intelligence challenges is to assess Soviet science and technology and its potential for military and strategic surprise. We believe we're still ahead in most of the 20 or so critical technologies we look at but they've pulled ahead or alongside in some, and our margins and lead times in the rest have begun to shrink. The ability of the Soviet military-industrial complex to acquire and assimilate Western technology far exceeds any previous estimates.

Some they get legally. They do this by combing through our open literature, buying through legal trade channels, religiously attending our scientific and technological conferences, and sending so-called students over here to study. Between 1970 and 1976, the Soviets purchased some \$20 billion of Western equipment and machinery, much of which had potential military applications.

But when they can't get it legally, they steal it. The Soviets have set up a number of dummy firms in sophisticated international operations to divert and steal Western technology. We have identified nearly 300 such firms operating from more than 30 countries engaged in such schemes. Most diversions are by way of Western Europe or Canada, which is why we have made such a strong effort to enlist the help of our Canadian and European allies in combating illegal trade activities.

Today, we are witnessing the frightening upswing of state-supported terrorism. The chief protagonists of this new departure in international murder and brigandage are none other than Colonel Mu'ammār Qadhafi of Libya and, more recently, the Ayatollah Khomeini of Iran. Probably more blood has been shed by these two tyrants during the last five years than by all other terrorists combined.

In fact, Qadhafi and Khomeini have adopted terrorism as an integral part of their state policy. Terrorism has become for them an indispensable weapon to destroy their enemies, destabilize "hostile" governments, and instill fear among millions of innocent citizens.

Although rule by terror has become institutionalized by Libya and Iran, its impact has become global. Through sponsorship of terrorists, thugs, and insurgents, Libya and Iran have made an impact not only in the Middle East, but in South Asia, East Asia, and even Central America. Moreover, there are signs that their brands of state-sponsored terrorism may be coming our way.

For several years, various European leftwing terrorist groups have called for the establishment of an international united front against "Western Imperialism," and particularly against its most powerful symbols -- NATO and the American presence in Europe. Since the summer of 1984, at least three of these groups -- the West German Red Army Faction, the French group Direct Action, and the Belgian Communist Combatant Cells -- have apparently collaborated in a terrorist offensive against NATO that reached a fever pitch of violence by early February 1985.

I outline these challenges rather quickly, not to give you a feeling of despair, but rather to show you something about the many challenges we Americans must face as a free people. Make no mistake, these and several other challenges are real and they are formidable. It is also true that the world's problems promise only to grow more difficult and more complex in coming years.

Nonetheless, there are good reasons to be optimistic. The United States still enjoys enormous respect around the world, and I have already mentioned our considerable economic technological, and military power. True, we need to use this power judiciously and with restraint. And in this large world, we must recognize that there are some events that are indeed beyond our control. But our natural resources, the creativity of our people, and particularly our values assure us considerable influence around the world and continued control over our national destiny.

Despite what must appear to be an unbroken string of successes, our major adversary has a few things to worry about over the longer term. The Soviets have some serious economic problems to solve -- they export little, productivity remains low, and the waste and corruption pervading the Soviet system is legendary. Moreover, the Soviets are having increasing difficulty coping with the demands of the many ethnic minorities within the USSR who wish to retain their traditions and heritage. This may become a particularly nettlesome problem in the Islamic areas of Soviet Central Asia. Added to this, the Soviets themselves recognize that the closed nature of their political system makes change -- and much needed reform -- nearly impossible to achieve.



Abroad, the Soviets also must deal with the failure and wreckage of their conquests and "victories." Without exception, the economic record of the countries that have come under Soviet domination has been abysmal. Vietnam is bankrupt. Ethiopia faces massive starvation. Cuba depends on massive Soviet economic aid. Nicaragua's economy is near collapse. By contrast, economic growth in the non-Soviet areas of East Asia and Latin America has been brighter. Consider, too, the fact that 120,000 Soviet troops are bogged down in Afghanistan -- fighting a war to prop up an unpopular Communist government that can barely control its own capital city, Kabul [COBBLE]. Perhaps the most telling indicator of Soviet failure is the growth and spread of anti-Soviet guerrilla movements. In half a dozen countries now occupied by Soviet and surrogate forces, close to half a million ordinary people have taken up arms against Communist regimes.

Having said all this, I would be remiss if I did not spend a few minutes describing the intelligence process at CIA and the many talented people who serve your country today. We get the raw information needed in the production of finished intelligence through photography, electronics, acoustics, seismic readings, and other technological marvels which gather facts from all corners of the earth. These capabilities have been, and are being, enhanced as new technologies and new intelligence needs emerge. As a result, we show a sharp increase in photos, signals, and reports and expect an even greater increase in the next five years. To sift and evaluate and get practical meaning from this enormous flow of facts we must recruit and develop dedicated people. We have scholars and scientists in every discipline of the social and physical

sciences -- as well as engineers and specialists in computers and communications -- in a profusion unmatched by any university. Moreover, we frequently ask scientists, engineers, businessmen, and specialists in the humanities who roam the world in their professional capacities to volunteer information that comes their way and for the insights and understanding they develop.

All this is distilled into CIA intelligence assessments and, where appropriate, addressed in National Intelligence Estimates relevant to the decisions which the President and his colleagues must make.

To get the assistance of people around the world who share our values and want to help us in this work, CIA must maintain its reputation for integrity, competence, confidentiality, reliability, and security. The quality of the intelligence we produce, the loyalty and dedication of our people, and the large numbers of Americans interested in joining our ranks clearly demonstrate that we do maintain that kind of a reputation despite a drumbeat of criticism in the media.

Let me tell you something about the people who meet this challenge every day.

They have survived one of the most rigorous screening processes known to man -- the highest skill requirements, the toughest intelligence and psychological testing, close medical scrutiny, a 15-year background investigation, security clearances, and a polygraph examination. The ones who get through this obstacle course are smart, clean of drug and alcohol addiction, healthy, and psychologically able to cope. Last year we had 153,000 inquiries for

for employment, we selected 23,000 applicants for interviews; of those, 10,000 were actually considered for employment. Four-thousand were given all the tests. Of those only 1,500 made it through the entire screening process and entered on duty. We have over 500 Ph.D.'s at Langley and at least four times that number who hold MA's or other advanced degrees. Naturally, as you might suppose, a great number of these talented and well-educated young people are in the "traditional" intelligence disciplines of history, political science, foreign languages, cartography, international relations, area studies and library science.

But as the intelligence field becomes more specialized, our requirements for people having other skills has increased considerably. We now have aboard specialists in such disciplines as agronomy, demography, aerospace and nuclear engineering, medicine and the life sciences, photogrammetry, geology, and other esoteric fields. And we certainly are looking to hire more of these highly-trained specialists.

After a candidate has emerged from that funnel, there is a 3-year probationary period. Those who obtain career status must live with any number of security responsibilities, heavy travel demands, heavy pressure and time requirements, complete anonymity in many cases, and many other constraints. Last year they forfeited nearly 100,000 hours of annual leave and worked untold hours of uncompensated overtime. Finally, throughout their career they know that there is little public recognition for their achievements and that criticisms -- justified or not -- must be tolerated in silence.

Let me close by saying that CIA is your intelligence service. It works for our common security and well being, and there are several things you can do to help it:

-- You could speak up when our work and purposes are misunderstood and misrepresented.

-- You can share your knowledge and insight with our officers who contact you for guidance and information.

-- You can direct promising young people looking for a challenging and honorable career to our recruiters.

-- And some of you could continue to develop and to apply relevant technology and creative capabilities to the better, faster, and deeper collection, processing, and analysis of information as you have in the past. Without that, we would not be able to keep up with our mission.

Thank you.